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Final Report

**Content Analysis
of Comptrollership
Capacity Assessment
Reports from the first 10
Small Agencies**

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Executive Summary

Ten small federal agencies had their modern comptrollership capacity assessments done between January and May 2002 and this report presents a content analysis of the 10 assessment reports. The executive summary presents the highlights of the areas where small agencies are strong and where they need to improve to continue on their modern comptrollership journey, taking into account their particular operating environment of being small organizational entities, with a judicial or quasi-judicial status.

Integrated Performance Information

The majority of the small agencies reviewed had some measures in place to assess their performance, going from integrated performance measurement frameworks to service delivery measures or service standards. Such measures were reflected in Reports on Plans and Priorities and Departmental Performance Reports, however improvements could be made to link result commitments and performance measures to performance agreements for improved accountability. And given their particular status, most small agencies did not have or feel they needed an evaluation framework, as their outcomes are beyond the control of managers and staff and in the hands of Governor-in-Council Members.

As another key performance measure, all agencies evaluated the satisfaction of at least their primary clients, with a 'half and half' split between agencies using formal client surveys and those using more informal methods of collecting feedback. Key to note, all agencies recognized the criticality of keeping close to clients.

Most agencies maintain operating information and statistics at varying degrees of detail, which they use to manage operations and make strategic decisions. And, financial information is deemed adequate, timely, reliable and accessible for the most part. The integration of financial and non-financial information did not appear to be a high priority or a concern for small agencies. One area where small agencies had only little information was on costs. Most managers were open to considering the value of cost management information to help plan and prioritize their operations, although some managers may need to be convinced of the tangible benefits to be gained.

Mature Risk Management

In small agencies that operated in safety or security areas, risk assessments were an intrinsic part of their business. And in general, risks were assessed as they related to: legal liability, finance, IT and physical security, business resumption, and client satisfaction. Half of the agencies conducted risk assessments informally and sporadically, but generally did not document the exercise. The value of a more formal approach to risk management was recognized by most agencies, along with the need to provide managers with appropriate training and tools.

In general, agencies have effective financial and operational controls in place but would welcome an independent review of their controls. Agencies have proper delegation structures that align with responsibilities, are clear and well understood for the most part. And while managers in most agencies were satisfied with their authority levels, some felt they needed more empowerment to act on assigned responsibilities and be fully accountable.

Rigorous Stewardship

In most of the small agencies, the main operational processes (sometimes just one) were well defined, documented and understood by managers and staff. Almost half of the agencies reviewed their processes

on an ongoing basis, treated such activities as a priority, and focused primarily on operational as opposed to administrative areas. The majority of managers and staff have the main tools required to work effectively – technical tools as well as financial and knowledge management tools, and no more sophisticated tools and techniques were deemed necessary for the most part.

All agencies were reported as having a high level of accuracy in accounting records and their practices complied with FIS requirements and GAAP. Small agencies often have a single responsibility centre, which simplifies accounting work. Nonetheless, managers' familiarity with accounting practices and information tended to vary but generally being superficial. Small agencies have little in terms of assets and felt they had the required information and tools required, even though only a few agencies used a lifecycle approach and had an asset replacement plan.

Small agencies do not tend to have an in-house internal audit function but most contract out their audit work when required. When there are audit results, agencies used them in process improvements and decision-making. Some agencies believe they could make a more efficient use of internal audit. Only a few agencies had been audited by the OAG, and a few as well by other central agencies like the RCMP and the Human Rights Commission. No issue was reported.

Ethics and Values

All agencies had at least one element of a values and ethics framework, either core values documented, a vision or mission statement that included values, or a code of ethics, even though only one agency had a fully developed and implemented framework. Being small agencies, some felt that organizational values permeated their culture and were implicitly understood. However, none of the agencies had carried out an assessment or survey of staff to gauge ethical climate and very little was reported on values and ethics related training to staff, only to Members.

Strategic Leadership

In all agencies, senior management was committed to very committed to modernizing their management practices. And at the managerial level, agencies were split, with a bit more than half where managers were aware of their modern comptrollership responsibilities, had been trained, and had discussed benefits of modern practices with their staff; and the rest of the agencies where managerial commitment varied but was relatively low, because managers did not understand the concepts or how to integrate them to their 'day jobs'.

Senior functional authorities in small agencies had clear roles and responsibilities, and participated to executive decision-making, providing mostly strategic advice and performing active challenging of decisions. All small agencies reported to being adequately supported by their functional authorities, with the smallest agencies relying heavily on external expertise when required and on outsourcing for some corporate services.

All 10 agencies had clearly defined and understood strategic priorities, which were usually documented in the annual Report on Plans and Priorities. The small size of the organizations appeared to facilitate the development of a common vision and direction. Nevertheless, many challenges relating to planning were reported: operationalizing strategic priorities; establishing a formal and periodic process to review priorities; linking planning, budget and forecasting, and resource allocations; supporting planning with more relevant information; and, developing better reporting processes. On resource allocation methods, the agencies were split almost equally with half of them allocating financial resources based on historical budgets and the other half linking allocations to strategic and operational planning.

Given the judicial or quasi-judicial nature of the 10 small agencies assessed, the true notion of legal 'partnerships' to deliver programs was neither present nor appropriate. However, most agencies have administrative partnerships or arrangements in place. All agencies regularly collect feedback from their clients – at least from their main clients.

Motivated People

The majority of the small agencies assessed have not yet defined modern management practices competencies and so, they have not evaluated skill gaps either. Training is available in all small agencies, and in more than half, it is actively encouraged although it is sometimes hard for people to attend training sessions because of unpredictable work and limited back up capability in small agencies.

Other than the Public Service Employee Surveys, to which half of the agencies participate, most small agencies are satisfied by gauging employee morale using informal methods like: daily interactions, regular staff meetings, semi-annual staff retreats, open-door policy, exit interviews, employee appraisal meetings. They also assess indicators of employee satisfaction such as: absenteeism rate, number of grievances, and managers' feedback. In a little more than half of the agencies, people are valued and treated with respect, and are at ease to speak out without fear of reprimand. Participation and information sharing occurs through various mechanisms, namely: regular staff meetings, work groups, consultations, special projects, annual retreats, etc.

Most agencies have a satisfactory work environment where staff is regarded as a key asset and ongoing communications are effective. In about half of the agencies, staff participation is encouraged, while a few other agencies are working on improving two-way communications. Most of the small agencies use an informal and collegial approach to managing workload, which they consider adequate given their size. Almost half of the agencies also rely on their positive retention rates as an indicator of a sustainable workforce.

A little more than half of the agencies have a formal reward and recognition program, although some face certain issues like: not being very active and needing revitalization; a perception of unfair application of the program; and, not encouraging innovative practices. In agencies without a reward and recognition program, they needed to understand what employees value for rewards and recognition in order to implement a new program that addresses those expectations, and also to define and communicate the types of behaviors to be rewarded.

Clear Accountability

In almost all of the 10 agencies, roles and responsibilities are clearly defined and understood across all levels of the organization. All but one agency reported that performance agreements were in place for all EXs and managers with performance pay. As for managers without performance pay and the rest of the staff, only two agencies have formal performance agreements. Annual performance appraisals or evaluations are conducted in nine of the 10 agencies, except that in three cases, this only applies to managers and not to staff. Most agencies document the process but a few agencies use oral discussions only.

Most of the 10 agencies have sufficient functional specialist capacity to effectively support senior management in decision-making. And, all 10 agencies were reported to comply with applicable legislative and regulatory reporting requirements, and a majority of the agencies received favorable comments from central agencies on their external reports.

Introduction

This report presents an analysis of the contents of capacity assessment reports from the first 10 small agencies that engaged in the modern comptrollership journey. Capacity assessments were carried out between January and May 2002¹. Four consulting companies were selected by Treasury Board to apply the generic assessment tool in the 10 agencies and to report on their state of comptrollership. The tool is based on the four pillars (integrated performance information, mature risk management, rigorous stewardship, and ethics and values) and the three enablers (strategic leadership, motivated people, clear accountability) of modern comptrollership, which also translate into 33 criteria. This report presents the results from the in-depth content analysis of the 10 capacity assessment reports.

The 10 Agencies

The 10 small agencies on which this content analysis was based were:

- Canadian Artists and Producers Professional Relations Tribunal
- Canadian Transportation Agency
- Civil Aviation Tribunal of Canada
- Competition Tribunal
- NAFTA Secretariat - Canadian Section
- Patented Medicine Prices Review Board
- Public Service Staff Relations Board
- Supreme Court of Canada
- Tax Court of Canada
- Transportation Safety Board of Canada.

These 10 organizations have two organizational characteristics that differentiate them from most federal departments and agencies subjected to an equivalent capacity assessment exercise, and those characteristics have influenced the outcomes of the exercise and consequently, the results of this content analysis. First, they are relatively "small" and second, judicial or quasi-judicial bodies. Being small was defined as have an operating budget of less than \$25M and no more than 300 FTEs. This implies that these agencies have management structures, systems and practices that are often informal and unsophisticated but nevertheless effective and valuable. And while most agencies considered that all principles of modern comptrollership did apply to them to some degree, not all elements of the assessment were as relevant to small agencies as they may have been to larger, more complex organizations. For example, advanced client relationship management, sophisticated cost management information, integrated knowledge enabling technology, and in-house internal audit capability are not necessarily cost-effective and appropriate objectives for an organization of say 12 people.

¹ An assessment was made of the effectiveness and efficiency of the capacity assessment process for small agencies, including a discussion of the appropriateness of the generic diagnostic tool to the operating environment of the small agency community. Refer to: Capacity Assessments In Small Agencies – A Report on the Experience of the first 16 Agencies, by Lise D. Labelle, CMC (May 2002).

Being judicial or quasi-judicial federal bodies, these agencies operate in a court or court-like environment, which inevitably influences some notions examined as part of the capacity assessment. For example, a court or tribunal has to remain independent and cannot establish partnerships with outside stakeholders to deliver on its mandate; it can, however, have partnerships to assist with support services. As well, such organizations have Governor-in-Council Members responsible for their outcomes and public servants – or Agency managers and staff – are there to provide support to Members. Hence, the notions of program evaluation and evaluative information do not apply in the same manner as it would in a regular department.

Therefore, the particular context of the 10 small agencies was taken into account by the consultants responsible to conduct capacity assessments and was equally reflected in this content analysis report.

Organization of the Report

The report presents, for each of the modern comptrollership elements (the pillars and enablers of modern comptrollership), a detailed content analysis of the related criteria - one by one. To assist in the selection of pertinent reading, some overall conclusions in relation to each element are presented followed by the details of the individual analysis for the associated criteria. Those elements related to the pillars of comptrollership are presented first followed by those elements related to the enablers.

Caution to the Reader

The content of the capacity assessment reports is a result of what was essentially a self-assessment of an agency's comptrollership capacity and the information presented in the reports has not been subject to independent verification. In addition, when it is stated in this document that a number of agencies reported a condition, it does not necessarily mean that the condition did not exist in other agencies, it only means that the condition was not described in the other capacity assessment reports. As well, since this report offers summative conclusions about the 10 agencies without specifying which organizations present what practices, a more detailed table is available through the Comptrollership Modernization Directorate, with brief information by agency vis-à-vis each of the 33 criteria.

Content Analysis: The Pillars of Comptrollership

Integrated Performance Information

The criteria

The integrated performance information element was assessed using seven criteria – *integrated departmental performance reporting, operating information, measuring client satisfaction, services standards, evaluative information, financial information, and cost management information.*

Some Conclusions

The majority of the agencies had some measures in place to assess their performance, going from a few agencies with integrated performance measurement frameworks to some agencies with measures largely in the form of service delivery measures or service standards given their support roles to court-like operations. The integration of financial and non-financial information did not appear to be a high priority or a concern in small agencies. Instead, they saw benefits in developing qualitative and quantitative performance measures, training their managers and staff in the area, and linking result commitments with performance agreements.

Most agencies maintain operating information and statistics at varying degrees of detail, which they use primarily to manage workload and monitor process timelines for compliance to the Acts that govern them. Since agencies depend on such core data, they indicated that the information is used to manage operations and make strategic decisions.

All agencies were reported to use either formal (e.g. client surveys), semi-formal (e.g. consultations with clients and stakeholders at annual or semi-annual seminars) or informal (e.g. meetings with clients or one-on-one 'corridor chats') methods to measure satisfaction levels of at least their primary clients. Capacity assessment reports did not specify whether the resulting information was used for decision-making although it appeared implicit. Their small size may tend to make agencies more alert to, and dependent on, their clients' reactions than large departments might, therefore making ongoing feedback a critical part of decision-making.

In most agencies, at least basic service standards exist on rules and procedures, as set by Legislation. Such standards relate primarily to the timeliness of outcomes and related process, and sometimes to the fairness and quality of outcomes. They are often publicized through guidance documents (e.g. "Guide to Applicants") and available on agencies' Internet sites. Standards are also reflected in Reports on Plans and Priorities and usually reported against through Departmental Performance Reports.

The majority of the agencies reported that they did not have or needed an evaluation framework, and that evaluative information was not relevant or applicable to their activities given their judicial or quasi-judicial status. One agency admitted to the need to test this assumption, particularly as it applies to the evaluation of outcomes and impacts that their employees are accountable to deliver.

Most agencies reported that financial information was adequate, timely, reliable and accessible. Necessary improvements were, however, identified in the area of financial reporting, more specifically on: the preparation of monthly financial reports in line with managers' needs; format of financial reports to make them more relevant and useful; and, on-line access to financial information for managers. In general, small agencies have some but not much cost management information to use in planning their operations and making strategic decisions on priorities. Some confessed that managers might not have a complete understanding of cost management principles. Most agencies were open to considering the value of cost management information, although some managers would need to be convinced of the tangible benefits to be gained.

Integrated Departmental Performance Reporting

Three of the 10 agencies were reported as having an integrated performance measurement framework with key result commitments presented in their Report on Plans and Priorities (RPP), as well as measures of performance for such commitments reported through their Departmental Performance Report (DPR). One of those agencies specified that performance information was highly valued throughout the organization. One additional agency has a comprehensive performance management framework in place which is used annually to develop strategic and operational plans and activities, but the performance measures have not been operationalized and no monitoring is done with respect to performance management. Three more agencies have some performance measures in the form of service delivery measures or service standards which they report upon in their DPR. Out of the three agencies left, two have result commitments in their RPP but no performance indicators and one has some performance measures that are not standardized across business lines and are being simplified at the present time.

Two agencies reported that their results are not well defined and still mostly outputs-oriented. Two other agencies have financial and non-financial information which gets presented to senior management at bi-weekly meetings. One other agency is working on the integration of financial and non-financial information.

At least four agencies mentioned that because of their judicial organizational status, they were not in a position to evaluate performance as to the value and quality of Court/Tribunal decisions made by Governor-in-Council Members because their employees had no control over such decisions. Therefore, they considered performance measures strictly based on the application of Rules of Practice and Procedures such as timeliness, fairness, equity and quality of services to support decisions made by Members. In this sense, performance

Desired results are not always well defined, they are mostly expressed in terms of outputs. The Agency recognizes the challenges associated with qualifying results.

Statement in a capacity assessment report

measures may be closer to service standards than to program impact indicators. On the other hand, at least two other agencies, perhaps with a more quasi-judicial status, intended to invest in developing performance measures that address impact on Canadians and quality of decisions because they reflected the *raison d'être* of their organizations.

To be successful

Some of the things agencies needed to do were:

- Develop an integrated performance framework that includes both qualitative and quantitative performance measures.
- Involve managers and staff in the development of the framework.
- Educate and train managers and staff on the benefits of performance measurement and management.
- Measure the cost-effectiveness of their services to improve accountability.
- Link corporate result commitments with performance agreements.

Operating Information

Nine of the 10 agencies maintain operating information and statistics at varying degrees of detail, including one agency with drill-down capability through using a new MicroSoft Access database system. Statistics are primarily used to manage workload and monitor process timelines for compliance to the Acts that govern the agencies. Since agencies depend on such core data, they indicated that the information is used to manage operations and make strategic decisions.

The one agency with no operating data on the efficiency of its major processes does collect client feedback information and also tracks costs by activity. Two of the 10 agencies assessed have time reporting systems for some areas of their organizations, although in one case, the information is not used to track cost by activity.

At least three agencies noted that they could do more with the available operating statistics and, as a result, improve their performance measurement and reporting. Useful information comes from many sources, including corporate systems, consultations with stakeholders, staff input, client feedback, etc.

The agencies have separate tools to maintain operating information and financial and human resources information. Some agencies indicated they needed to identify integrating opportunities to improve data integrity and reduce efforts to manage the information.

One agency noted that human resources information available from their system does not provide the necessary historical data needed by the HR manager, and as a result salary data is maintained on a separate system. At least five agencies, usually the smallest ones, use the CDFS system from Public Works and Government Services Canada for their accounting and financial management. The system includes a Management Reporting Module (MRM), which effectively produces monthly reports on the organization's financial situation.

Some managers have found it necessary to maintain separate records in order to keep track of their particular projects. This practice should become unnecessary once the MRMs are produced on a regular monthly basis.

Statement in a capacity assessment report

To be successful

Some of the things individual agencies needed to do were:

- Establish operational measures in all areas of the organization.
- Consider integrating all operating and corporate (financial and human resources) information in a comprehensive monitoring system to better support decision-making.
- Optimize the use of operating statistics to improve performance measurement and reporting.

Measuring Client Satisfaction

All 10 agencies were reported to use either formal, semi-formal or informal methods to measure satisfaction levels of at least their primary clients. Capacity assessment reports did not specify whether the resulting information was used for decision-making although it appeared implicit. Their small size may tend to make agencies more alert to, and dependent on, their clients' reactions than large departments might, therefore making ongoing feedback a critical part of decision-making. One agency indicated that, in the past, formal survey results were not acted upon or linked to strategic and business planning to improve service delivery but that a strategic priority is now to change the situation.

Half of the agencies use client surveys to measure satisfaction on a regular basis (some after each major activity, some every two to four years), three of which also complement survey information with informal feedback collected throughout the year. Two agencies collect feedback in a semi-formal forum, that is through annual or semi-annual seminars with clients and stakeholders where feedback is discussed explicitly, along with other strategic issues. The three other agencies gather client feedback on their organizational performance and services provision through informal means, that is regular meetings, conferences or information sessions with clients and stakeholders, and even one-on-one 'corridor chats' between senior managers and clients. No indication was made as to whether such informal feedback was documented; however, one agency specified that the information is shared with managers who in turn may provide feedback to staff.

One of the three agencies that use informal methods also assesses media contents to gauge the level of client satisfaction. Three of the agencies that either use informal or semi-formal methods intend to consider a more formal approach to measuring client satisfaction. And one agency that surveys clients regularly is proactive, provides all managers and staff with mandatory client service training and considers employees as internal clients, who also get surveyed on a regular basis.

Two agencies, which regularly survey their clients, also collect feedback through their web page and one other agency intends to make better use of this tool, especially in the context of implementing *Government-On-Line*. Another one of the agencies that survey clients wants to expand its notion of clients to include more than primary clients. This one agency as well one that currently relies on informal, anecdotal client feedback, consider mapping their client base and then developing the best approach to measuring satisfaction. On the other hand, at least two agencies voiced concerns with using client satisfaction surveys because of the judicial or quasi-judicial nature of their operations. They indicated that the measurement of satisfaction would have to be restricted to how much clients understand and make effective use of services available to them, which may be best measured via consultations at information sessions.

To be successful

Where agencies felt they needed to do more in the area of measuring client satisfaction, they intended to:

- Developing a client satisfaction measurement strategy.
- Consider the appropriateness of a more formal approach to collecting client feedback.
- Map client base.
- Make better use of their web site as a tool to gather useful client feedback.

Service Standards

In seven of the 10 agencies, at least basic service standards exist on rules and procedures, as set by Legislation. Such standards relate primarily to the timeliness of outcomes and related process, and sometimes to the fairness and quality of outcomes. Standards are often publicized through guidance documents (e.g. "Guide to Applicants") and made available on agencies' Internet sites. Standards are also reflected in Reports on Plans and Priorities and usually reported against through Departmental Performance Reports.

An eighth agency developed a comprehensive service standards framework but it has not been implemented yet as there is no consensus as to which standards to use; the organization has identified the need to move forward on this issue and to formalize an approach to monitoring performance in relation to agreed-to standards.

Only one agency has internal service standards relating to their human resources and financial services, and such require updating. In one other agency, there are certain standards relating to corporate services but they are used to assess and monitor workload and not to report on performance in delivering services to managers. And in one more agency, there is a single internal standard, which relates to the processing of payments.

Being judicial or quasi-judicial bodies, it appeared that clients were not directly involved in the development of service standards but rather the Bar Liaison Committee. And considering that the operational service standards were essentially prescribed by Law, most agencies were reported as monitoring and tracking performance against the standards on an ongoing basis.

To be successful

Individual agencies needed to:

- Consider developing service standards for operational areas beyond those prescribed by Law and also for corporate services.
- Communicate service standards internally and externally.
- Where applicable, improve monitoring, tracking and analyzing performance against the new and existing standards at the corporate and operational levels.

Evaluative Information

Eight agencies reported that they did not have an evaluation framework or needed one, and that evaluative information was not relevant or applicable to their activities given their judicial or quasi-judicial status. One agency had nevertheless recently applied program evaluation concepts to assess a key project and another agency indicated there was a general consensus among managers that the benefits of their main operational process and other major initiatives should be assessed on a systematic basis.

(...) evaluating outcomes and impacts related to [our] mandate could be poorly perceived by the parties and counterproductive in the end.

(...) [our] outcomes are not within the purview of our managers who strictly provide the efficient means to deliver the outcomes.

Statements in capacity assessment reports

Only one agency was reported to having a comprehensive, detailed, organization-wide evaluation framework, tied to their strategic plan which is discussed by managers at annual planning sessions. Derived from the framework is an annual evaluation plan, and the information from evaluations is incorporated in plans and priorities. The evaluation framework, however, needs to be communicated more widely throughout the organization. Another agency, while having reported to not having a formal approach to program evaluation, indicated that their Program was reviewed every four years as dictated by Legislation.

To be successful

In almost all cases, capacity assessment reports identified the opportunity for small agencies to improve in the program evaluation area by:

- Discussing with Treasury Board Secretariat representatives how to apply the new Evaluation Policy in a cost-effective manner, considering that all federal departments and agencies (considered under Article 2 of *Financial Administration Act*) are subject to the policy.

One agency also identified the need to test the assumption around the non-relevance of evaluating their outcomes and impacts as a judicial or quasi-judicial organization, particularly those outcomes and impacts which they are accountable to deliver.

Financial Information

Eight agencies reported that financial information was adequate, timely, reliable and accessible. In the two other organizations, there were frustrations with: accessing financial information; quality of financial reports; financial and human resources information not being integrated; forecasting capabilities not meeting expectations; and, levels of detail on expenditures. One of those two agencies indicated that some managers used 'black books' to compensate for such discrepancies.

Six agencies identified the need to improve on their financial reporting, more particularly on: the preparation of monthly financial reports in line with responsibility center managers' needs; format of financial reports to make them more relevant and useful; and, on-line access to financial information for managers. Two agencies indicated that some reports were either not clear or difficult to interpret by managers; in one case, the agency mentioned that support was available to assist in 'reading' reports while in the case of the other organization, there was limited analytical capabilities present due to existing skill sets of financial staff and to resource constraints.

Information sessions should be provided on the coding system and related object lines to financial specialists and staff in the posting and reporting of financial transactions.

Statement in a capacity assessment report

To be successful

Agencies needed to:

- Assess reporting requirements of managers and ascertain the degree of effectiveness of current reporting structures.
- Improve on financial reporting capabilities of systems and on analytical capabilities of financial specialists to meet managers' needs.
- Investigate the nature of 'black books', where applicable, and eliminate their requirement by improving financial systems.
- Consider the cost/benefit of integrating financial and human resources information.
- Provide additional training to managers on the reporting capacity of current systems.

Cost Management Information

One agency was reported as having a formal and integrated cost management system, using the Management Reporting Module of CDFS, and another agency is introducing the same. Five other agencies have some costs tracked by project or activity, but usually excluding salaries which are often the most significant cost item. Two of those five agencies are at early stages of development for a capability to cost corporate overhead activities. And, three agencies maintain cost information based on traditional object-based ledgers (i.e., salaries, travel, O&M) for each organizational unit. Overall, agencies have some but not much cost management information to use in planning their operations and in making strategic decisions about priorities.

Two agencies were reported to have time reporting systems for some areas of the organization, although in one case the information is not used to cost activities or services. Three agencies, one with the formal system in place and two without, indicated they were satisfied with their cost management information and did not need to make improvements. In general, the other seven agencies were open to considering the value of a more systematic approach to tracking costs by activity although some managers would need to be convinced of the tangible benefits to be gained.

While there are no formal cost management systems, some time tracking systems are in place. However, it is unclear to staff how that information is being used.

Some managers believe that it would be useful to have a different view of costs by service or project initiative, as opposed to a type-of-expenditure only view for each responsibility center. Other managers believe that expenditure type information is sufficient since there are not many initiatives underway.

Statements in capacity assessment reports

To be successful

Where agencies intended to improve their cost management information, they needed to:

- Determine the value added of providing more substantial costing information.
- Assess managers' understanding of cost management principles and then their 'true' needs for cost information.
- Implement an integrated cost management/tracking system.

Mature Risk Management

The criteria

The risk management element was assessed against two criteria – *integrated risk management* and *integrated management control framework*.

Some Conclusions

In small agencies that operated in safety or security areas, risk assessments were an intrinsic part of their business. And in general, risks were assessed as they related to: legal liability, finance, IT and physical security, business resumption, and client satisfaction. Half of the agencies conducted risk assessments informally and sporadically, but generally did not document the exercise. The value of a more formal approach to risk management was recognized by most agencies, along with the need to provide managers with appropriate training and tools.

In general, agencies have effective financial and operational controls in place but would see benefits to having an independent review of their controls to determine if current practices could be improved. Agencies have proper delegation structures that align with responsibilities, are clear and well understood for the most part. And while managers in most agencies were satisfied with their authority levels, some felt they needed more empowerment to act on assigned responsibilities and be fully accountable.

Integrated Risk Management

None of the agencies were reported as having a fully developed risk management framework at the corporate level. However, six agencies indicated that risk assessments were either intrinsic to their business (e.g. their core business being investigations) or applied to specific areas of the agency, including assessments of legal liability, financial risks, IT and physical security threats, business resumption planning requirements, and client satisfaction evaluation.

Only one agency reported to have a process, although informal, for assessing 'business' risks or risks associated with planning priorities. Another agency has a procedure to mitigate the risk of being unable to cope with significant increases in business volume: the "business level forecasting procedure" involves regular communications with two key stakeholders and ongoing scanning of economical and political conditions.

Five agencies conduct risk assessments informally and sporadically, but generally do not document the exercise. Four agencies reported to have a risk averse organizational culture. While all ten agencies equally are judicial or quasi-judicial bodies, some agencies perceived their risks to be relatively low given they were bounded by set procedures and legal requirements, and a few agencies thought their risks were significant given they had no tolerance to risk due to its visible profile. This may suggest how much the perception of risk is so intimately linked to individual personalities and organizational culture.

The nature of the quasi-judicial tribunal does not foster a risk taking culture [as] detailed and prescribed judicial procedures need to be followed, which also serve as strict rules to mitigate risks.

The organization faces a degree of security risk due to: the large number of public visitors; the controversial nature of cases; and the significant percentage of self-represented cases.

Statements in a capacity assessment reports

Risk mitigating measures identified by individual agencies were: the use of internal audits (two agencies), with one agency having enhanced its internal audit capacity as a result of the new Treasury Board policy on the provision of assurance services; the involvement of their legal counsel in significant business decisions (one agency); the establishment of contingency funds to deal with unforeseen events (one agency).

One agency identified management committee meetings as the primary mechanism to manage risks and saw no need for a formal, integrated risk management framework given their relatively small size. This opinion does not reflect the majority as six agencies saw merits to a more formal approach to risk management. Most capacity assessment reports pointed to Treasury Board's Integrated Risk Management Framework, indicating that it applied to all federal departments and agencies and that discussions should be held with TBS representatives to determine a cost-effective approach to implementing the framework in small agencies.

No agency reported to have guidelines or training available to assist managers in dealing with risk, although four agencies identified this was needed, as knowledge of risk management was limited and inconsistent among managers and staff alike. The use of a common language and approaches was identified by one agency as being a pre-requisite to properly applying risk management practices.

To be successful

Where agencies felt there were challenges, they typically needed to:

- Develop and implement a risk management framework that is agency-wide, structured and documented.
- Provide managers and staff with risk management awareness, training and tools.
- Communicate widely the nature of the agency's risk tolerance.
- Discuss risk management at senior management committee on a regular basis.

Integrated Management Control Framework

Five agencies were reported as having effective control frameworks in place and two more as properly monitoring expenditures, revenues and assets. Still, five of those agencies agreed they would benefit from an independent review of their financial and operational controls to determine if current practices could be improved. The other agencies reported some control deficiencies, including: concerns with contracts management; need to review segregation of duties for payment transactions; and incomplete records of fixed assets. Segregation of duties can be a particular problem for very small agencies. Two agencies indicated only limited systems integration between the financial system and other operational systems, resulting in reduced efficiency and increased chance of inaccurate data entry.

Five of the 10 agencies have delegation structures (i.e., organization chart, delegation of authority chart, and financial authority structures) that align with responsibilities, are clear and, with one exception, are well understood. The exception relates to commitment authorities which are not always exercised properly in the agency. This is attributed to the introduction of new FIS controls without sufficient training.

Some managers are initiating transactions without recording the corresponding commitments in the financial system. With the implementation of FIS, education of managers is required with respect to new controls to ensure that they are understood and complied with.

Statement in a capacity assessment report

The managers in three agencies wanted further delegations in order to be better empowered to act on assigned responsibilities and, in turn, be fully accountable for the authorities given to them. In those cases, decisions requiring higher level approval should be clarified and communicated formally. As the other seven agencies did not provide specifics on satisfaction with authority levels, one may assume that managers are satisfied with current levels of delegation to deliver their program responsibilities.

Three agencies indicated they did not have a corporate repository of internal controls and, instead, had only fragmented documentation of Finance, HR and IM/IT controls.

To be successful

Generally, agencies needed to:

- Consider documenting internal controls comprehensively.
- Ensure that all managers and staff are aware of their control responsibilities, and provide training where required (particularly on new FIS controls).
- Monitor the application of existing authorities, and where warranted, consider enhancing delegations to empower managers appropriately.
- Assess and implement opportunities for integrated or interfaced control systems.
- Consider having an independent review of financial management and operational controls.

Rigorous Stewardship

The criteria

The rigorous stewardship element was assessed against seven criteria - *business process improvement, management tools and techniques, knowledge management, accounting practices, management of assets, internal audit, and, external audit.*

Some Conclusions

In most of the small agencies, the main operational processes (sometimes just one) were well defined, documented and understood by managers and staff. Almost half of the agencies reviewed their processes on an ongoing basis, treated such activities as a priority, and focused primarily on operational as opposed to administrative areas. A few agencies identified the need for an integrated approach to change management.

The majority of managers and staff have the main tools required to work effectively (e.g. legal tools, financial/accounting tools, benchmarking, options analysis, cost/benefit analysis, and surveys). The same applies to knowledge management tools. The agencies did not need more sophisticated tools and techniques given the nature and size of their operations. In a few of the 'larger' small agencies, managers needed more analytical management tools and techniques, especially in the context of limited resources and increasing importance of strategic and business planning; as well, knowledge sharing in those larger agencies was limited either within organizational silos and/or by a culture not receptive to knowledge sharing, perhaps due to a lack of understanding about the importance of knowledge management and sharing to effective business delivery.

All agencies were reported as having a high level of accuracy in accounting records and/or accounting practices that comply with FIS requirements for accrual accounting and with Generally Accepted Accounting Principles (GAAP). Small agencies often have a single responsibility centre, which simplifies accounting work. Nonetheless, managers' familiarity with accounting practices and information tended to vary but generally being superficial and some practices like monthly reconciliation needed improvements. As for the management of assets, which small agencies did not have much of, managers felt they had the required information and tools necessary, even though only a few agencies used a lifecycle approach and had a replacement plan. Only one agency reported rust-out.

Small agencies do not tend to have an in-house internal audit function but most contract out their audit work when required. A few agencies carry out internal auditors regularly per a plan and have an audit committee in place. Audit results are used in the process improvement and decision-making. Audit tools tend to be applied more often to operational areas, as opposed to being restricted to administrative processes. Some agencies believe they could make a more efficient use of internal audit. Considering that some limitations apply as to the OAG's authority to audit judicial or quasi-judicial organization, only a few agencies had been audited by the OAG, and a few as well by other central agencies like the RCMP and the Human Rights Commission. No issue was reported.

Business Process Improvement

Three agencies were reported as having ongoing business process improvement initiatives, and an additional agency, which does not refer to specific initiatives per se, monitors its business processes to ensure effectiveness and efficiency on an on-going basis. Those agencies treated business process improvements as a priority and focused primarily on operational areas, as opposed to administrative areas.

The very small agencies often have a single process or system to deliver on their mandates. Six agencies indicated that their main process was well defined, documented, and understood by managers and staff, although one agency pointed out the need to better articulate the notion of 'best practice' to facilitate continuous improvements. One agency intends to investigate the cost/benefit of ISO9000 standards accreditation for its main operating process.

There is a need to define what constitute a best practice in the context of court operations. Knowing what the best practices are would facilitate continuous improvement initiatives.

Statement in a capacity assessment report

Two agencies have their administrative processes documented, with some that use central agency or parent department policies and procedures as theirs. One other agency identified the need to develop policies, guidelines and checklists for their corporate/administrative functions. And another agency reported to the need to streamline some processes, more specifically in the training and purchasing areas.

Two agencies identified the need to establish an integrated approach to change management, including a communications program, in order to establish business process improvement priorities that reflect resource availability, involve all concerned staff in the changes, and derive the most out of business process improvement investments. One of those agencies said that recommendations from previous reengineering exercises still needed to be implemented.

Two agencies recognized that much more could be done to share their best or good practices with others, particularly with other small agencies operating in a similar environment. One of those agencies received an Award of Excellence in 2001 from the Canadian Information Productivity Awards. Another agency indicated that their managers and staff were seen to be proactive in identifying opportunities for process improvement as evidenced by the number of working groups organized to consider improvements. That same agency holds extensive consultations with stakeholders as part of improvement activities.

To be successful

Where there were challenges, agencies typically needed to:

- Monitor operations to ensure they are supported by effective and efficient processes.

- Track process improvements and report through Departmental Performance Reports.
- Consider the cost/benefit of ISO9000 accreditation for the main process or system.
- Develop an integrated approach to change management.

Management Tools and Techniques

In eight of the 10 agencies, managers and staff reported to have the main tools required to work effectively, that is primarily legal tools to analyze cases and financial tools to manage budgets. Other tools and techniques used in a few agencies included: benchmarking, options analysis, cost/benefit analysis, surveys, and financial forecasting tools. None of the 10 agencies reported to using business case analysis to support decision-making. The eight agencies reported to not needing sophisticated tools given the nature and size of their operations.

Resource allocation decisions are relatively simple given our small size, and there is no requirement for sophisticated analytical tools to make decisions.

The [organization] uses an Access Database to manage its operations and capture statistical information, as well as financial forecasting and reporting tools. Being an 8 FTE organization, the agency does not require additional tools to be effective.

Statements in capacity assessment reports

In the two other agencies, which are the larger ones, managers felt they did not have the analytical tools and techniques they required, especially in the context of limited resources and increasing importance of strategic and business planning. These are managers that have solid technical skills in their specialized fields, but generally have limited training in the use of management tools and techniques. An example given was that business case methodology would bring rigor and structure to decisions on major investments.

To be successful

Even if most agencies were satisfied with their existing management tools and techniques, some thought they could improve by:

- Having more analytical support to use currently available tools for monitoring status of operations (e.g. application database).
- Determining what tools may be required and receiving targeted training to move toward modern management (e.g. project management).

The two agencies that were not satisfied with their existing management tools and techniques needed to:

- Implement a more sophisticated time and cost tracking system, which would permit more in-depth analysis of trends in operations and therefore better support decision-making.
- Develop a methodology for business case analysis and provide training to all managers.

Knowledge Management

Seven of the 10 agencies consider their knowledge management tools adequate. Tools referred to include: bi-monthly or monthly staff meetings, LAN-file sharing environment, training debriefs, regular all-staff e-mails, on-going internal communications, extensive networking via professional associations, and the use of Intranet to post meeting information and Internet to publish Tribunal/Board decisions. The three other organizations, including two that are 'large' small agencies, indicated that they do share knowledge but it is limited either within organizational silos and/or by a culture not receptive to knowledge sharing, perhaps due to a lack of understanding about the importance of knowledge management and sharing to effective business delivery.

One of the seven agencies with adequate tools has a training/learning plans for each employee. And two of the agencies with some weaknesses in terms of knowledge management are creating a learning organization culture where learning is encouraged through more transparent exchange and storage of information and also professional development assignments and training.

Staff has a tendency to store information on their personal computers, instead of on the central server. This creates additional work for the IT department to check PCs for critical information when an employee leaves. A silo mentality still exists to a certain degree but staff would like to see increased knowledge sharing.

The scope of the weekly staff meetings could be broadened to allow sharing of best practices and lessons learned.

Statements in capacity assessment reports

To be successful

Some of the things individual agencies needed were:

- A coordinated and integrated strategy to manage information, including guidelines on electronic data storage.
- Increased awareness for managers and staff about the importance of knowledge management and sharing.
- A formally developed and corporate-wide training plan, including courses on modern management practices and a coordinator to support organizational learning.
- An assessment to determine whether the use of technology, including the Internet, is optimized.

Accounting Practices

All 10 agencies were reported as having a high level of accuracy in accounting records and/or accounting practices that comply with FIS requirements for accrual accounting and with Generally Accepted Accounting Principles (GAAP). Four very small agencies praised the CDFS system of Public Works & Government Services Canada for providing reliable and timely information on financial transactions, in-line with managers' needs. Monthly reconciliation of accounts with Receiver General information is also performed. Small agencies often have a single responsibility center, which simplifies accounting work.

Three agencies that reported on managers' familiarity with accounting practices and information indicated that degrees of understanding varied but was generally superficial. One other agency reported to having a Chart of Accounts that is complex and needs simplification. This same organization also reported that there was no interface between the salary management system and the financial system, although this was not considered a major issue.

One agency reported to having weaknesses in its accounting systems even though financial records were in balance, payments processed timely, and external reports adequate. Responsibility centre managers were not provided with the required visibility in terms of their performance against budget. As a result, managers kept their own records using a parallel system. With the recent introduction of CDFS in that agency, managers were starting to receive monthly management reports based on a broader set of line objects, which should eliminate the current requirement for 'black books'.

The level of familiarity of responsibility centre managers with accounting practices tends to vary. Most managers appear to rely extensively on the support of the administrative officers in performing financial management activities.

Managers have an inconsistent understanding of accounting practices and information. Some managers have difficulty providing analysis or explanation of their budget variances.

Statements in capacity assessment reports

To be successful

While most agencies (six of 10) did not find improvements necessary in this area, those that did needed to provide their managers with:

- Timely reports of monthly costs against budget at the responsibility center level.
- Monthly reconciliation of financial statements with monthly trial balance.
- A simplified Chart of Accounts.
- Competency profiles and an assessment of competency gaps along with the required training.

Management of Assets²

Two agencies were reported as managing their assets using a lifecycle approach, with one being at early stages but making considerable efforts to promote the approach that became critical due to 'rust-out' problems. It is the only one of the 10 agencies that reported 'rust-out'.

Four other agencies indicated that their asset management practices were appropriate given their small size without many assets. The emphasis was primarily on IT assets. Two agencies have an asset replacement plan for all their assets and one more has a plan just for IT assets.

The organization is relatively small and does not have strategic assets. Therefore, there is no need for an asset management plan. There is also no need for business case analysis and risk assessment since the equipment and furniture are bought as a normal course of business and requirements for such assets are reviewed on an ongoing basis.

Given its small size, the organization has an appropriate approach to asset management.

Statements in capacity assessment reports

Half of the agencies account for their assets on an accrual basis as per FIS and also have information on their asset inventory. Three of those agencies used an electronic database (Access) and two relied on a manual system, including one that will soon move to an electronic system to allow for a better management and control of assets.

One agency was reported as having only limited asset information and being in the process of tagging and recording its physical assets. As for asset management policies and procedures, one agency reported to have some for the purchase of IT equipment; one agency to not having any; and one other agency to adhering to Treasury Board's policies. The other agencies did not report on the existence of policies and procedures, although many use either that of central agencies or parent departments.

To be successful

Where agencies intended to improve on their asset management practices, they needed to:

- Make better accounting of all assets, with complete records and depreciation formulas as per FIS.
- Consider a more elaborated system (e.g. electronically based and capable of integrating to CDFS) to generate more useful information on assets.

² One of the 10 agencies was not assessed for this criterion as its capacity assessment was made against the set of 34 criteria which did not cover assets per se.

Internal Audit

Out of the 10 agencies assessed: only one has an in-house internal audit function as well as an audit plan; one outsources the function to an external consultant that coordinates the function, prepares an annual plan and advises the Head on managing the function; four agencies contract out for the conduct of audits on a need basis; three agencies are not currently active in internal audit but one is considering using the internal audit function of their parent department; and one agency did not specify whether they have or not an in-house capacity but they do have a long-term audit plan in place and conduct two audits per year on average.

Two agencies have an internal audit committee, the agency with an in-house capacity and the one with an outsourced coordinator. In addition, the first agency reported to using a consistent methodology which includes a review of the management control framework. Three agencies conduct internal audits on an annual basis, between two and four on average, and report that audit results are used in process improvements and operational decision-making. Two of those agencies indicated that the focus of audits was changing recently from strictly administrative to more operational type audits. Two of the three agencies that are active in internal audit, plus one that is not, consider they could make more efficient use of internal audit.

Historically, the focus for audits has tended to be primarily administrative; however, this year's plan provides for an audit of an operational area.

Branches could be more proactive in their use of internal audit.

Statements in capacity assessment reports

To be successful

Where agencies intended to improve in this area, they needed to:

- Use the internal audit function more proactively and consider allocating more resources to it.
- Consider either sharing an internal audit function with other small agencies or outsourcing the function.
- Communicate the new internal audit policy and process to all managers and staff.
- Prepare a risk-based internal audit plan.
- Liaise with Treasury Board's Centre of Excellence to discuss how the new internal audit policy based on assurance services could be implemented in a beneficial, cost-effective manner.

External Audit

Considering the judicial or quasi-judicial status of the 10 agencies assessed, some limitations apply as to the OAG's authority to perform external audits. As well, their small size may also reduce the interest for such reviews.

Only two agencies reported to having been audited by the OAG in the recent past; one has desk audits performed annually but no observation has ever been made; and the other was audited in 1998, with a follow-up in 2001. One other agency had a study done by the OAG relating to the feasibility of amalgamating administrative services with two similar organizations; actions have yet to be taken to act on the recommendations, which were not from an 'audit' assignment per se. When the OAG had performed audits in the distant past, this agency was responsive to act diligently on recommendations and to communicate relevant information to all managers. One other agency reported to only having been audited indirectly for public accounts through their parent department.

One agency recently had an audit of security done by the RCMP as well as an audit of employment equity conducted by the Human Rights Commission. Two other agencies indicated that they complied with mandatory external audit requirements.

To be successful

No improvements were necessary in this area.

The OAG does not have authority to audit the operations of the Agency without an order in council from the Governor General of Canada, with the exception of public accounts information. This situation is in place to maintain the independence of the judiciary.

Statement in a capacity assessment report

Shared Values and Ethics

The criterion

The shared values and ethics element was assessed against only one criterion - *ethics and values framework*.

Some conclusions

No overall conclusions are offered as only one criterion was used.

Ethics and Values Framework

Although only one agency was reported as having a fully developed and implemented framework, the other agencies all had at least one element that related to values and ethics. The one agency: has core values documented in its vision statement; values were developed through broad consultations with senior management and staff; the Agency Head demonstrates clear leadership regarding values and ethics and such leadership is felt throughout all levels of the organization; harassment coordinators and an internal whistle blower were identified and communicated to all staff; appropriate mechanisms are in place to handle ethical dilemmas; some managers took ethics training; their mission, vision and values statements are incorporated to an Orientation Manual made available to all new employees; and, a code of ethics exists for Members with formal training. Still, the agency needs to improve on documentation and promotion of its values and ethics framework.

Six other agencies either have a vision, mission or values statement, which in most cases was developed in consultation with managers and staff and promulgated across the agency through strategic documents, publicity pamphlets and through the Internet. Three of those agencies reported to have high standards for their values and ethics and that those were adhered to in practice. The three other agencies have a code of ethics or, a close equivalent, but in two cases, such code does not pertain to agency staff but rather to Members (i.e., Federal Tribunal or Board Members).

Three agencies indicated that organizational values permeate their culture and that values and ethics appear implicitly understood. This may be attributed to the small size of the agencies. Another consideration of size is the establishment of an appropriate mechanism to address and resolve values and ethics issues. One agency indicated they might consider involving an independent party. No agency was reported to having carried out a formal assessment or survey of staff to gauge the ethical climate.

Managers stated that the organization's values are disseminated by "osmosis".

(...) managers and staff have a good understanding of the culture and values that permeate the organization.

Statements in capacity assessment reports

Very little was reported on the provision of values and ethics related training to agency staff. Agency Members naturally require and receive training on the expected ethical behavior. However, interviewees in at least three of the 10 agencies noted that internally focused values and ethics, and supporting training, were also required. In a similar manner, internal communications relating to values and ethics were identified as lacking in half of the agencies: need for an on-going dialogue; need to integrate values and ethics into management practices and tools, namely in performance appraisals; need to re-distribute, promote and reinforce existing values statement and code of ethics; and, need to find ways to operationalize values and ethics amongst staff, namely by providing guidance.

There is a need to operationalize the core values through broad communication and guidance to new and existing staff.

Given the diverse backgrounds of staff as well as the decentralized nature of the organization, a code of ethics and more visible core values are key in promoting consistent behaviors across the Agency.

Statements in capacity assessment reports

Two agencies that do not have a values and ethics policy circulated Treasury Board's policy to their staff but identified the need to develop a policy specific to their work environment. Two other agencies reported that the concept of ethics was not well understood and that confusion existed around the difference between ethics and values. One of those agencies indicated that without written rules or policies to provide guidance for acceptable behavior, employees develop their own standards based on example from their superiors. A requirement for clear guidance was identified as well as formalized values and guiding principles.

To be successful

Where there were challenges, agencies needed to:

- Develop a values statement in consultation with senior management, and staff and promulgate it.
- Develop a values and ethics policy and a code of ethics that are tailored to agency business and environment (e.g. independence/arms-length relationships; stakeholders relationships).
- Carry out periodic assessments or surveys to determine the ethical climate in the agency.
- Establish a governance mechanism to resolve values and ethics issues.
- Provide training and support to staff to operationalize values and ethics.

Content Analysis: The Enablers of Comptrollership

Strategic Leadership

The criteria

The strategic leadership element was assessed using seven criteria - *leadership commitment* to modern comptrollership practices, *managerial commitment* to modern comptrollership practices, the role of *senior departmental functional authorities*, the linkage to the *planning* process and resource allocation, *resource management* mechanisms, the *management of partnerships*, and *client relationship management*.

Some Conclusions

In all agencies, senior management was committed to very committed to modernizing their management practices, as demonstrated by training and awareness on the subject, the appointment of a director/manager to coordinate the initiative, discussions at management committee and with all staff, and some modern practices already being in place. At the managerial level, in a bit more than half of the agencies, managers were aware of their modern comptrollership responsibilities, had been trained on the benefits of modern practices, and had discussed those with their staff. In the other portion of agencies, managerial commitment varied but was relatively low, managers did not understand modern management concepts or how to integrate those to their 'day jobs', and were skeptical as to the chances of modern comptrollership resulting into concrete actions.

Senior functional authorities in small agencies had clear roles and responsibilities, and participated to executive decision-making, providing mostly strategic advice and performing active challenging of decisions. All small agencies reported to being adequately supported by their functional authorities, with half (i.e., the smallest of the small agencies) relying on external expertise when required and on outsourcing to other government departments for corporate services like staffing, classification, benefits and employee data and, building security and mailroom/messenger services. The small size of their organizations made outsourcing a cost-effective practice and the reliance on specialists brought even more independent advice to the organization.

All 10 agencies had clearly defined and understood strategic priorities, which were usually documented in the annual Report on Plans and Priorities (RPP). The small size of the organizations appeared to facilitate the development of a common vision and direction. Nevertheless, many challenges relating to planning were reported: operationalizing strategic priorities into plans that business units may deliver service by; establishing a more formal process that incorporates a periodic review of strategic priorities; making the required linkages between planning, budget and forecasting, and resource allocations; capturing more relevant business information to support the planning process; and, developing processes to regularly

review actual results against stated plans and how such accomplishments support strategic priorities of the organization.

On resource allocation methods, the agencies were split almost equally with half of them allocating financial resources based on historical budgets and not on the basis of priorities, and the other half linking allocations to strategic and operational planning. Small agencies do not use business case methodology to formally prioritize budget allocations and re-allocations, but they apply some form of senior level review.

Given the judicial or quasi-judicial nature of the 10 small agencies assessed, the true notion of legal 'partnerships' to deliver programs was neither present nor appropriate. However, most agencies have administrative partnerships or arrangements in place either to share accommodation services and/or to outsource some corporate services to other government departments or the private sector. And, the few agencies that did not have any form of partnerships established indicate that they had not fully explored partnership opportunities and that an internal dialogue on the subject was warranted.

All agencies regularly collect feedback from their clients – at least from their main clients. Most agencies use formal or semi-formal methods like client satisfaction surveys and consultations at formal annual seminars, which they also supplement with some informal client feedback. And a few agencies solely rely on informal ongoing contacts with clients. One agency that uses informal methods to gauge client satisfaction raised an interesting point in that the use of more formal methods for collecting client feedback may distorted the information. Nevertheless, consideration may be given to documenting the feedback received informally. In addition, some agencies noted the absence of a focal point for monitoring client relationships and coordinating actions on client satisfaction.

Leadership Commitment

Agency Heads and other senior managers from all 10 agencies were either committed or very committed to modernizing their management practices. Some agencies noted how the thrust behind the modern comptrollership initiative supported their strongly anchored beliefs either in valuing employees' well-being or in client service delivery. Tangible demonstrations of commitment to the modernization initiative were as follows: four of 10 agencies invested in awareness and training efforts prior to doing their capacity assessments; six agencies appointed a director/manager to coordinate the initiative, with an associated budget; half of the agencies discussed the initiative at management committee and with all staff; and some agencies had already implemented modern practices, notably in values statements, accrual accounting, and performance reporting using RPPs and DPRs.

Interestingly, four small agencies – three of which are included in this first batch of 10 reports analyzed – formed a cluster for conducting their capacity assessments and engaged an outside consultant as project manager to coordinate the initiative, including to work with the consultants responsible for the actual assessments. The clustering experience, which was positive, is also a demonstration of modernization leadership on the part of the agencies involved: leadership in getting the assessments done efficiently by reducing the burden on internal resources, and leadership in establishing 'partnerships' with similar type organizations in order to share knowledge.

As well, two of the 10 agencies have a senior manager actively involved in the small agency steering committee, and a number of the agencies work closely with Treasury Board Secretariat, the small agency community, and professional business associations to stay informed of new developments, namely in the area of modern management practices.

To be successful

Where agencies felt there were challenges, they typically needed:

- An Action Plan in response to the capacity assessment, with the Agency Head as Champion.
- Additional training on modern comptrollership, particularly on how the concepts can be implemented/operationalized.
- Communications to broaden the understanding of modern comptrollership across the organization and to address any skepticism as to the potential success of the initiative.

There is commitment towards modern comptrollership since training has been received, information sessions were held, written communications were issued, and the initiative was discussed at Management Committee.

[As well], the modern comptrollership capacity assessment involved participation from a wide range of divisions across the organization.

Statements in capacity assessment reports

Managerial Commitment

In a majority (7 of 10) of the agencies, managers were aware of their modern comptrollership responsibilities, had been trained on the benefits of modern practices, and had discussed those with their staff. In the other three agencies, managerial commitment varied but was relatively low and managers did not understand modern management concepts or how to integrate those to their 'day jobs'. In the less committed agencies, there was a certain skepticism as to whether modern comptrollership would lead to concrete actions.

In some cases, financial management and human resources management were seen as functional responsibilities. A number of managers indicated that terminology often complicated understanding of modern comptrollership concepts, starting with its very title along with terms such as integrated performance information, risk management or evaluative information.

In three of the committed agencies, managers participate to Treasury Board functional meetings, small agency community groups (e.g. Small Agencies Financial Administrators Group) and, professional associations' events (e.g. FMI) to keep abreast of new developments in modern comptrollership.

To be successful

To overcome some of the challenges, it was suggested that:

- More training be provided to managers on their management functions and comptrollership responsibilities.
- More information on tangible benefits of comptrollership be communicated throughout the organization (i.e., a communications plan).
- Incentives be designed, desired modern management behaviors rewarded, and successes celebrated.
- Modern comptrollership objectives be included in managers' performance agreements.

Most managers understand the concepts of comptrollership, but do not necessarily know how to link or apply them to their own area of expertise.

Some middle managers are better versed in modern management practices than others. Opportunities exist to leverage the knowledge and enthusiasm of these managers to actively promote modern comptrollership, enhance managerial commitment and champion specific priority initiatives.

Statements in capacity assessment reports

Senior Departmental Functional Authorities

In all 10 agencies assessed, senior functional authorities had clear roles and responsibilities and participated to executive decision-making. In most cases, senior functional authorities provide strategic advice and performed active challenging of decisions; however, in two cases, their role – even at senior levels – mainly focused on processes and transactions. In very small agencies (i.e., with 10 staff in total), it was the same individual that wore the hats of the Finance, HR and IT authorities.

All small agencies reported to being adequately supported by their functional authorities, with half (i.e., the smallest of the small agencies) relying on external expertise when required and on outsourcing for corporate services like staffing (through Public Service Commission), classification, benefits and employee data (through Health Canada) and, building security and mailroom/messenger services (through Industry Canada). The small size of their organizations made outsourcing a cost-effective practice and the reliance on specialists brought even more independent advice to the organization.

Many agencies acknowledged the need to strengthen the role of their functional authorities by focusing more on strategic planning and resource allocation decisions, as well as operational business decisions, particularly where the focus was on transaction-based advice or process-oriented instructions. In some cases, organizations reported limited capabilities in financial analysis and policy development.

One organization reported confusion in the organization between the role of the SFO and that of the SFFO, and how modern comptrollership responsibilities applied to each. This may be due to the small size of the agency that enabled easy delegation of financial responsibilities to the SFFO, who now acts as prime functional authority to assist the Agency Head in executive decision-making.

To be successful

Agencies indicated that to move forward would require:

- Strengthened role of functional authorities to provide truly strategic advice into executive as well as operational decision-making.
- Improved capacity of finance staff to provide strategic advice at all levels.
- Delineated roles and responsibilities between SFO and SFFO, where required, and communication of result to all managers and staff.

There are limited capabilities in financial analysis and policy development across the organization, most notably, capacity to analyze information and turn it into business advice.

The organization uses outside consultants as specialist support whenever required. Given our small size, this is considered more cost-effective than staff positions, especially as there would not be enough work for a full-time position.

Statements in capacity assessment reports

Planning

All 10 agencies had clearly defined and understood strategic priorities, which were usually documented in the annual Report on Plans and Priorities (RPP). The small size of the organizations appeared to facilitate the development of a common vision and direction.

Four of the 10 agencies have a well-developed planning process that meet their needs and, two more agencies were currently implementing major improvements. Business line or operational plans were linked to strategic priorities and to resources. In only one case, was the planning process fully integrated with business information as well as Finance, HR, IT and Communications. And one organization explicitly linked its strategic priorities with government initiatives (e.g., GOL, FIS).

Many challenges relating to planning were reported: operationalizing strategic priorities into plans that business units may deliver service by; establishing a more formal process that incorporates a periodic review of strategic priorities; making the required linkages between planning, budget and forecasting, and resource allocations; capturing more relevant business information to support the planning process; and, developing processes to regularly review actual results against stated plans and how such accomplishments support strategic priorities of the organization.

Considering the small budgets of the agencies reviewed, one emphasis relating to planning was to have a mechanism to monitor resource allocations and update forecast information on an ongoing basis. Such emphasis also reflected in their reporting, which was primarily based on financial information and needing a better balance with relevant non-financial business information.

To be successful

Where there were challenges, agencies needed to:

- Establish close linkages between strategic & business priorities and resource allocations.
- Translate strategic and business priorities into operational plans with results, work plans and resources for every business unit.
- Improve on the measurement and reporting of relevant performance information against expected results and strategic priorities.
- Educate managers on the workings and on the benefits of strategic, results-based planning and reporting to deliver their business.

Managers have inconsistent understanding of the planning process. It is seen by some as being clear and effective, whereas others do not understand the planning exercise and how all elements are linked to the organization's strategic priorities.

With nine employees in total and a single program, the RPP is our only business plan. Strategies are mostly driven by client needs and services provided.

Statements in capacity assessment reports

Resource Management

Four of the 10 agencies had a resource allocation process integrated to strategic and operational planning. Half of the agencies reported that financial resource allocation was based on historical budgets or that the allocations were not made on the basis of priorities. Some organizations did note that their budgets were relatively stable and also sufficient to meet their operational requirements such that resources were not an issue.

Although none of the agencies have a business case methodology to formally prioritize budget allocations and re-allocations, they all reported that there was some form of senior level review of initial allocations and/or of the need for re-allocation based on new funding requirements.

Given their small size, some agencies are a one program, one business line, and one responsibility center organization. Hence, re-allocations between programs per se do not take place; however, resource re-allocations do have to be made between program and administrative support requirements and also within projects or activities themselves. Therefore, while re-allocating resources across branches may be less of an issue for very small organizations, there is still a requirement to have an articulated process for aligning resources to priorities. Nevertheless, size was not a legitimate "excuse" for the absence of a formal re-allocation process: even one "large" small agency reported to not being equipped to making enlighten reallocation decisions given that planning was not done at the operational level and no project management approach was used to monitor multi-year commitments.

Though no formal business case is documented, "business case thinking" is reflected in the manager's application for corporate reserves for unanticipated items.

Re-allocations between budgets and project initiatives are decided as part of management meetings.

Statements in capacity assessment reports

None of the agencies did periodic reviews (or had done one recently) of their resource mix and levels to optimize program delivery, although they acknowledged that this would be a useful exercise. Two organizations reported the need for more communication and transparency on how resources get allocated.

To be successful

Agencies indicated that to move forward would require:

- Resource allocation and re-allocation based on the priorities laid out in strategic and business plans.
- Periodic zero-based budget review to ensure an optimal use of resources.
- A formal mechanism within the forecasting process to facilitate re-allocation decisions in response to changing priorities.
- Broader communication of the criteria used and the results of the resource allocation and re-allocation decision-making processes.

Management of Partnerships

Given the judicial or quasi-judicial nature of the 10 small agencies assessed, the true notion of legal 'partnerships' to deliver programs was neither present nor appropriate. However, eight agencies did have administrative partnerships or arrangements in place to share accommodation services and/or to outsource some corporate services to other government departments (such as human resources management services; financial management and accounting services; security services; and other administrative services like business resumption planning, mailroom and messenger). At least two of the eight agencies even outsource distinct functions or services to the private sector (e.g. internal audit, SFFO, mediation services).

The two out of the 10 agencies that currently do not have any form of partnerships established admitted that they had not fully explored partnership opportunities and that an internal dialogue on the subject was warranted.

In the middle between delivering one's core business with legal partners and using partners strictly for administrative services, comes the notion of leveraging the capabilities of external stakeholders to assist with some business aspects not requiring independence. Two agencies demonstrated creativity in doing just that. One agency participated in a joint project with a government department to re-engineer its primary business process. And another agency used clients to conduct research on its behalf in support of service delivery and also uses its business network to share knowledge.

As a quasi-judicial tribunal, the [organization] needs to remain neutral and cannot embark on true partnerships. As a result, the types of partnerships are clearly defined: collaboration, stakeholder, association, other government department, other tribunals, etc.

Statement in a capacity assessment report

Of course, another creative use of partnerships is the clustering of four small agencies to create a modern comptrollership project office for the conduct of capacity assessments and eventually the development of action plans. Further clustering opportunities are being discussed as a result of this positive experience.

To be successful

Agencies identified opportunities for improvements as follows:

- Engage an internal dialogue to explore possible partnerships, either to support certain aspects of program delivery without compromising any independence or to reduce overhead costs by sharing or outsourcing certain corporate services.
- Consider further clustering with small agencies to implement modern comptrollership opportunities, namely in the area of risk management training.
- Develop guidelines on stakeholder relationships in the context of court-like operations.

Client Relationships Management

Once again, the judicial or quasi-judicial nature of the 10 small agencies assessed altered the common understanding of 'clients'. Nevertheless, all agencies regularly collect feedback from their clients – at least from their main clients: seven using formal or semi-formal mechanisms (surveys; annual seminars), supplemented in some cases by informal feedback; and three agencies strictly using informal means (ongoing contacts). Three agencies reported to not having a focal point for monitoring client relationships and ensuring a coordinated action on client satisfaction, which should not be interpreted to mean that the other seven agencies have one.

Only one of the three agencies that currently uses informal means to collect client feedback saw merits to formalizing a strategy to receive comments from their secondary clients, as the satisfaction of their primary clients would continue to be assessed informally. This may indicate the irreplaceable value of informal feedback and that sometimes, formalizing the gathering of feedback may actually distort the information. Consideration may be given to documenting the feedback received informally.

Informal mechanisms used by agencies to stay in touch with clients are diverse, including: attendance to industry conferences and events, information booths, bulletins, web site, public meetings, client database used for mailings, invitations, etc.

Because of the particularity of the client notion for court-like operations, two organizations identified the need to map their clients for the organization to develop a common understanding of "who their clients are".

To be successful

Agencies indicated that to move forward, they would want to:

- Formalize client feedback mechanisms where it is feasible and advantageous.
- Map who are their clients and communicate a common understanding of clients and how relationships should be managed throughout the Agency
- Explore opportunities to better use technology for collecting feedback electronically via the web site and to also provide clients with on-line services.

There is no formal client relationship management role in the Agency; rather, this is a shared responsibility. Operational staff such as members, lawyers, senior managers, communications and corporate services staff all partake in ensuring that the work of the Agency is carried out in an open and transparent manners, case decisions are communicated in a timely manner and client feedback information is collected.

Statement in a capacity assessment report

Motivated people

The criteria

The motivated people element was assessed against five criteria – *modern management practices competencies, employee satisfaction, enabling work environment, sustainable workforce, and valuing people's contribution.*

Some Conclusions

The majority of the small agencies assessed have not yet defined modern management practices competencies and so, they have not evaluated skill gaps either. Some agencies indicate that steps need to be taken first: define the meaning of modern management practices; articulate and communicate expectations from managers and staff; identify training needs; and, link training and performance through the appraisal process. Training is available in all small agencies, and in more than half, it is actively encouraged although it is sometimes hard for people to attend training sessions because of unpredictable work and limited back up capability in small agencies.

Although some small agencies are not invited to participate to Public Service Employee Surveys because of their separate employer status, half of the agencies did partake in the 1999 edition and two intended to also participate in 2002. Other than this government-wide initiative, most small agencies are satisfied by gauging employee morale using informal methods like: daily interactions, regular staff meetings, semi-annual staff retreats, open-door policy, exit interviews, employee appraisal meetings. They also assess indicators of employee satisfaction such as: absenteeism rate, number of grievances, and managers' feedback. The very small agencies felt that surveying employees in a 10 FTE organization is just not appropriate, as confidentiality would be difficult to protect. Some 'larger' small agencies were open to the idea of implementing a more formal mechanism to measure employee satisfaction.

Most agencies have a satisfactory work environment where staff is regarded as a key asset and ongoing communications are effective. In about half of the agencies, staff participation is encouraged, while a few other agencies are working on improving two-way communications. Four agencies reported that work/life balance was emphasized in their organizations, as evidenced by flexible hours, compressed work schedules or telework. While career development is promoted, a reality of many small agencies is that internal growth opportunities are limited by their size and also often by low turnover rates; agencies are trying to compensate by offering acting assignments, secondments, and transfers where possible.

Most of the small agencies use an informal and collegial approach to managing workload, which they consider adequate given their size. It is through daily "walk around" that senior managers ensure that workload is reasonable. Planning meetings and operating statistics on workload initially serve to allocate work for major projects and regular staff meetings allow people to report on progress against their work plans. Almost half of the agencies also rely on their positive retention rates as an indicator of a sustainable workforce.

In a little more than half of the agencies, people are valued and treated with respect, and are at ease to speak out without fear of reprimand. Participation and information sharing occurs through various mechanisms, namely: regular staff meetings, work groups, consultations, special projects, annual retreats, etc. And the value of people is demonstrated through: doing teambuilding exercises, using a suggestion box, and presenting long-term service plaques. A few agencies are struggling with difficult communications between organizational silos.

A little more than half of the agencies have a formal reward and recognition program, although some face certain issues like: not being very active and needing revitalization; a perception of unfair application of the program; and, not encouraging innovative practices. In agencies without a reward and recognition program, they need to understand what employees value for rewards and recognition in order to implement a new program that addresses those expectations, and also to define and communicate the types of behaviors to be rewarded.

Modern Management Practices Competencies

Three agencies have competency profiles that include modern management practices competencies, including one agency that is in the process of preparing profiles along with a gap analysis, and another one that has profiles in place but only for EXs. A few more agencies indicated they had some competencies defined, namely through position descriptions, but they did not include specific competencies relating to modern management.

While training is available everywhere, it is actively encouraged in six of the agencies assessed, with two specifying that adequate funding was set aside for training. In one agency that places a high value on training, coaching sessions are organized as well as lunch and learn sessions; however, there is no formal training plan and the agency intends to establish a corporate training coordinator. In another agency, one that struggles with high turnover, learning and retention contracts are being put in place for every employee. In the only agency that specified to having a formal training plan, the requirement to align the plan more strategically to performance appraisals was identified. In the same vein, two agencies indicated that training needs were identified through the employee appraisal process. And one agency reported that although training is highly promoted, it is sometimes hard for people to attend training sessions because of the unpredictability of the work. Although other agencies did not report on this point of actually accessing training, it may be a factor considering the small size of agencies and hence their more limited back up capability.

Four agencies identified the need to determine the meaning of modern management practices and to articulate expectations vis-à-vis managers and also staff. They specified that such expectations should be communicated to all and also reflected in performance agreements for EXs and appraisals for employees. No agency specified that a different set of expectations may be required for functional specialists, but this may be particular to the context of small agencies in which employees wear many hats, rendering the differentiation between positions perhaps less apparent.

To be successful

In order to move forward on the subject of modern management practices competencies, agencies needed to:

- Define modern management practices competency profiles for managers and possibly all staff.
- Identify skill gaps in management skills against the modern management competencies.
- Incorporate needed modern management competencies into management training.
- Improve performance agreement and appraisal processes by integrating expectations for modern management competencies in a more systematic and strategic manner.
- Consider partnering with other small agencies to provide training relating to modern management practices and techniques (e.g. risk management).

Employee Satisfaction

Half of the agencies reported to participating to the 1999 Public Service survey of employees and three intended also to partake in the 2002 edition. Two agencies indicated that action plans had been developed to address issues raised within their agencies by the 1999 survey. It should be noted that some of the agencies are separate employers and therefore were not invited to participate to this Public Service initiative.

Given their very small size, two agencies feel that surveying their employees would not be appropriate and/or required and that informal methods are effective to gauge employee morale. Informal methods are also used by four more agencies, although one feels that a formal mechanism to measure employee satisfaction would be needed. Informal methods referred to included: daily interactions, regular staff meetings, semi-annual staff retreats, open-door policy, exit interviews, employee appraisal meetings, and also assessing indicators of employee satisfaction like absenteeism rate, number of grievances, and managers' feedback.

The organization has only 10 FTEs. There is no need to measure and monitor employee satisfaction on a formal basis. A formal employee survey could lead to confidentiality issues.

Statement in a capacity assessment report

Two agencies indicated that employee satisfaction formed an integral component of their strategic objectives as reflected in Reports on Plans and Priorities. One of those agencies has a price and recognition initiative championed by their Head. One other agency sponsors activities to boost employee morale like birthday cards and suggestion box. As well, one agency established a Workplace Improvement Team to discuss and address issues relating to employee satisfaction.

In terms of specific challenges relating to employee satisfaction, two agencies noted the following: high staff turnover, which is particularly critical in a small organization, and dealing with a perception that the staffing process is not sufficiently transparent.

To be successful

Some of the things that individual agencies needed include:

- A formal mechanism to assess employee satisfaction and to track progress on key issues.
- A focal point to collect employee satisfaction information in an organized way and to develop an action plan on key issues.
- Conduct regular discussions with staff, perhaps with the help of an outside facilitator, to share issues and concerns in an open dialogue.
- Consider the use of a suggestion box.

Enabling Work Environment³

Four agencies reported to have a satisfactory work environment where staff is regarded as a key asset. Four more agencies indicated that ongoing communications were effective through a variety of means such as: formal and informal staff meetings, annual retreats, news letters, social events, Intranet, e-mails and circulation of documents. Four of those eight agencies solicit staff input in meetings, for example to include items for discussion on the agenda. Senior management from one agency reported an innovative practice to enable staff to provide inputs and make suggestions using a structured approach (see text box above).

A group of staff, selected from a list of volunteers, was recently invited to a strategic planning retreat where they had an opportunity to provide input on the Agency's management framework.

Statement in a capacity assessment report

The two agencies left say that they are working towards a more participatory working style as well as two-way communications at all levels; obstacles are a silo mentality and a risk averse organizational culture.

While agencies are trying to promote career development, a reality of many small agencies, as reported by three of them in this process, is that internal growth opportunities are limited by the size of the organizations, and also often by low turnover rates. Nevertheless, those three agencies do encourage acting assignments, secondments, and transfers where possible.

One of the challenges of any small agency is the difficulty in providing a career path for staff. This is a factor behind the organization's retention challenge. However, senior management is taking steps such as the new Pride and Recognition Program.

Statement in a capacity assessment report

Four agencies reported that work/life balance was emphasized in their organizations, as evidenced by flexible hours, compressed work schedules or telework.

One agency reported divergent views relating to its internal communications between managers and staff: some thought improvements were necessary and others were satisfied. It may depend where one stands in the organization. Nevertheless, staff indicated they would like more information on the performance of the organization as supported by the following eloquent comment: "we work hard, day-in and day-out, but have no idea if the organization is doing well".

To be successful

Some of the things that individual agencies needed to do included:

- Make better use of regular staff meetings to share successes and challenges.

³ One of the 10 agencies was not assessed for this criterion as their capacity assessment was made against the set of 34 criteria which did not cover assets per se.

- Provide more information to staff on the performance of the agency, namely through the establishment of a performance measurement strategy.
- Develop an internal communications strategy.
- Consider conducting an annual employee satisfaction survey which would include an assessment of workload climate.
- Explore clustering opportunities with other small agencies (e.g. shared services for IT) to help with back-up issues and to broaden career progression.

Sustainable Workforce⁴

Two agencies reported to have some workload measures. In one agency, work relating to each step of the process is estimated in number of days in order to meet timelines pre-determined by Law; nevertheless, workload, which is distributed and monitored by managers, is an issue as the agency has no control over the number and complexity of cases submitted, therefore sometimes creating backlogs. In the other agency where workload is not an issue, workloads and target dates are established considering plans, priorities and resource availability, and personal needs and demands are acknowledged and accommodated when possible.

The other agencies use an informal and collegial approach to managing workload, which they consider adequate given their small size. Therefore, managers "walk around" and it is through daily contacts with people that senior managers ensure that workload is reasonable. And, planning meetings serve to allocate work for major projects based on open discussions and also some operating statistics on workload; and, regular staff meetings allow people to report on progress. Work plans are modified as required to ensure balanced workload.

The workload is heavy in some line branches of the agency. Given the nature of the agency and the unpredictability of workload, it is difficult to set adequate work measures. The agency will need to be reactive to shifting resources (financial and human) between line branches.

Workloads and target dates are established in operational plans. Managers and staff indicate that they know what they are responsible for and how their role fits into the operational plans.

Statements in capacity assessment reports

Four agencies use their positive retention rates as an indicator of a sustainable workforce, which provides for a solid corporate memory. Five agencies offer their employees flexible work arrangements including: compressed hours of work, work from home, reduced workweeks, and self-funded leave, although one agency mentioned that some inherent limitations have to be applied because of the small size of the organization. As well, two agencies noted that career development opportunities were also somewhat limited by their size. They intend to explore ways to improve career development at the same time as continuing to document processes to retain corporate memory. One innovative idea brought forward by an agency was to explore

⁴ One of the 10 agencies was not assessed for this criterion as their capacity assessment was made against the set of 34 criteria which did not cover assets per se.

clustering opportunities with other small agencies (e.g. shared services for IT) to help with back-up issues but also to broaden career progression. And, two agencies have started developing a succession plan.

To be successful

Some of the things that individual agencies needed to do were:

- Enhance existing time and expense reporting system to track productivity.
- Identify issues from the government-wide employee satisfaction survey and develop an action plan to address them.
- Identify ways to shift resources effectively to accommodate unpredictable workload.
- Prepare a succession plan.
- Explore ways to improve on career development opportunities, including the clustering with other small agencies for shared services.

Valuing People's Contribution⁵

Two agencies specifically reported that people were valued and treated with respect, with one that prepares memoranda to file to formalize employee recognition. In four other agencies, high levels of participation were fostered and employees were at ease to speak out without fear of reprimand. Participation and information sharing occurred through various mechanisms, namely: regular staff meetings, work groups, consultations, special projects, annual retreats, etc. In one of those agencies, a top priority of the Head was "to have employees recognize the Agency as a workplace of choice".

Three agencies noted that efforts were being made to move to more a participatory organizational culture. One agency specified that while there is good teamwork and information sharing within silos, communication between silos is more limited and the regions feel "out of the loop". In three agencies, the value of people was demonstrated through: doing teambuilding exercises, using a suggestion box, and presenting long-term service plaques. And in three agencies, continuous learning was encouraged.

⁵ For the one agency evaluated against the set of 34 criteria, findings from the "Incentives" criterion were used to input in the "Valuing People's Contribution" criterion.

Six agencies reported that formal reward and recognition programs were in place, with three also having an awards committee. However, in one of those agencies, both the program and the committee needed to be revitalized; in another agency, there is a perception that the reward program is not applied fairly; and in another one, the program is not seen effective to encourage innovation, in an organization culture where all new initiatives require approval by Agency Head.

The Agency has established a committee to look at employee recognition. Specific criteria have been defined, a formal process is in place and all applications are reviewed, and the Head personally presents the awards to staff in a special ceremony. Nevertheless, there is a perception that the reward program is not applied fairly.

Statement in a capacity assessment report

In one agency, there used to be a reward and recognition program but it was not appreciated by staff and so is being reviewed. The agency identified the need to understand what employees value for rewards and recognition in order to implement a new program that addresses those expectations. Another agency believed that the types of behaviors that should be rewarded needs to be defined and communicated.

To be successful

Where there were challenges, agencies needed to:

- Do more teambuilding to help address horizontal issues and consider more group recognition.
- Emphasize the importance of staff in official Agency documentation going to clients.
- Make greater use of instant rewards.
- Identify ways to improve participation.
- Consider the benefits of establishing a formal reward and recognition program.
- Formalize the role of managers to include regular and demonstrable employee recognition activities.

Clear Accountability

The criteria

The clear accountability element was assessed against four criteria - *clarity of responsibilities and organization, performance agreements and evaluations, specialist support, and external reporting.*

Some Conclusions

In almost all of the 10 agencies, roles and responsibilities are clearly defined and understood across all levels of the organization. Some challenges reported include: an accountability gap due to the absence of planning and reporting at the operational level; managers' responsibilities relating to modern comptrollership practices; accountability for budget variances, especially for the lapsing of funds; responsibility for new modern management areas like performance measurement and risk management.

All but one agency reported that performance agreements were in place for all EXs and managers with performance pay. As for managers without performance pay and the rest of the staff, only two agencies have formal performance agreements. Annual performance appraisals or evaluations are conducted in nine of the 10 agencies, except that in three cases, this only applies to managers and not to staff. Most agencies document the process but a few agencies use oral discussions only.

Most of the 10 agencies have sufficient functional specialist capacity to effectively support senior management in decision-making. Specialists work in close partnership with managers, are responsive and offer high quality services, are well-equipped to do their jobs, and are generally familiar with the business and operational environment of the agency. A practice that is particular to the small agency community is the extensive reliance on outside expertise to provide the additional specialist support required. Agencies consider this practice more cost-effective than to staff positions permanently, and it also provided more independent expert advice. Half of the agencies reported to using outside help either through short-term professional services contracts or outsourcing contracts with the private sector or other government departments.

All 10 agencies were reported to comply with applicable legislative and regulatory reporting requirements and therefore meeting Parliamentary and central agency information needs for Reports on Plans and Priorities, Departmental Performance Reports, Public Accounts, and other statutory and non-statutory reports. Three agencies specified that their RPP and DPR were aligned with their PRAS and included financial and non-financial information, and two more agencies reported a direct link between their external reporting and internal business planning. A majority of the agencies received favorable comments on their external reports by central agencies, and a few agencies make extensive use of the Internet to assist in fulfilling external reporting requirements.

Clarity of Responsibilities and Organization

In nine of the 10 agencies, roles and responsibilities were reported as being clearly defined and understood across all levels of the organization. One agency, however, identified a major gap relating to accountability due to the absence of an operational planning and reporting system, which would require managers to set measurable objectives linked to the Report on Plans and Priorities and reported against regularly.

In the other agency, most accountabilities were implicitly understood but neither articulated in all cases nor linked to achievement of results, and some accountabilities relating to specific aspects of performance were just not clear. There is also a perception among some managers and staff that the Agency is top heavy. As well, in the regions, there is no designated manager to look after administrative and organizational issues leading to confusion as to who is accountable for what.

There is a perception among some managers and staff that the Agency is top heavy. For example, there is confusion over the distinction between the position of Director of Investigations and DG of Investigation Operations, and a sense that there is overlap in the positions. There is also a perception that there are too many senior staff members on the support side.

Statement in a capacity assessment report

One agency mentioned that roles and responsibilities pertaining to modern comptrollership practices were unclear and that best practices needed to be defined and communicated perhaps through awareness training to managers so they know how to operationalize the concepts. And four agencies reported to not having a separate corporate function or role to coordinate efforts in key areas of modern comptrollership such as performance measurement and reporting, and risk management.

Two agencies reported that their delegation of authority document was clearly understood, in line with responsibilities and budgets, and that all new staff was informed of the organization chart through an orientation program. However, in one agency, there is little accountability for budget variances, especially for the lapsing of funds.

To be successful

Where there were challenges, agencies needed to:

- Clarify managers' responsibilities vis-à-vis modern comptrollership practices.
- Consider awareness training to help define and operationalize modern comptrollership practices, and to assign roles and responsibilities appropriately.
- Clarify responsibilities for performance measurement and reporting, and risk management.

Performance Agreements and Evaluations

All but one agency reported that performance agreements were in place for all EXs and managers with performance pay (one agency has no EX position). In general, performance agreements included key commitments with performance targets as well as training plans, although two agencies specified that the commitments and targets were so generic that all managers met them. The one agency without performance agreements for its senior managers only has goals and objectives defined at the division level. They may consider the practice of preparing performance agreements for senior managers.

Criteria for the assessment of EX level performance do not systematically reflect financial and operational performance. Performance objectives are not always measured with clear indicators or deliverables.

Statement in a capacity assessment report

As for the other managers (without performance pay) and staff, only two agencies have formal performance agreements that include performance objectives and expectations. In one more agency, there are pockets of performance agreements as per the discretion of managers. And another agency, the one that has no EX position, is considering the practice of preparing performance agreements for managers and staff.

Managers who have performance agreements tend to feel that the activities included in their agreements reflect the Agency's direction and keep them focused on organizational priorities.

Statement in a capacity assessment report

Only two agencies reported as to the link between performance agreements and operational planning, one having such link and the other not. The agencies did not report whether performance agreements focused on achieving results rather than completing activities, except for one that specified a focus on activities.

Annual performance appraisals or evaluations are conducted in nine of the 10 agencies, except that in three cases, this only applies to managers and not to staff. Most agencies document the process but two agencies use oral discussions only. One agency said that their written performance evaluations contain only limited information and they intend to revitalize the appraisal process. In one agency, managers use their discretion using either written or verbal methods to evaluate staff, or even to conduct an appraisal or not; however, a written appraisal is mandatory for poor performers or difficult employees and must be included on file.

To be successful

Agencies needed to:

- Include more relevant performance information in performance agreements.

- Assess the performance goal-setting and appraisal process.
- Develop an integrated performance reporting system to link organizational (from RPP/DPR) and individual performance (from competency profiles and performance agreements), and include modern comptrollership priorities.
- Consider expanding the use of performance agreements beyond the EX level.

Specialist Support

Seven of the 10 agencies reported to have sufficient functional specialist capacity to effectively support senior management in decision-making. They mentioned that specialists work in close partnership with managers, are responsive and offer high quality services, are well-equipped to do their jobs, and are generally familiar with the business and operational environment of the agency. Some used words like: "value-added partners" and "supporters" to describe the role of functional specialists. One agency mentioned that FIS resulted in decentralization of certain financial transaction processing activities to the regions, which provided an opportunity to shift the focus of HQ finance staff to more strategic advice, analysis, and policy development; nevertheless, the agency felt that capabilities in those areas still needed to be enhanced.

Of course in small agencies, the same person may be the specialist of more than one area, including finance, human resources and information technology. Also particular to the small agency community is the extensive reliance on outside expertise to provide the additional specialist support required. Some services are required on a sporadic, ad hoc basis and others, on a longer-term basis but in both cases, a full time permanent employee was not deemed warranted. Half of the agencies reported to using such outside help, either through short-term professional services contracts or outsourcing contracts with consultants or other government departments (e.g. Industry Canada offers mailroom services; Canadian Heritage offers human resources management services, etc.). Some agencies feel that this practice is more cost-effective than to staff positions permanently, and also makes the expert advice more independent.

Financial services have been outsourced to a Financial Services Consultant who performs the SFFO function and is responsible for certain aspects of financial management. The consultant works with the Executive Director who oversees every aspect of the function.

The Agency uses outside consultants as specialist support whenever required. For example, an external consultant was contracted to prepare public accounts information, and this person continues to be available for advice on financial management and accounting.

Statements in capacity assessment reports

Challenges identified by individual agencies were: financial specialists being compliance-oriented and considered "gatekeepers"; functional roles, although defined, not well communicated or understood; advisory role of HR specialists not clearly defined; functional specialists not understanding operational complexities, creating tensions between operations and

corporate support functions; and, absence of specialist in some areas, such as internal communications and performance measurement.

To be successful

Some of the things individual agencies needed to do were:

- Explore the use of more outsourced services to support corporate functions.
- Work on building a solid partnership between operational staff and specialists.
- Consider adding new specialists in internal communications and performance measurement (through contracts if full-time positions are not warranted).
- Communicate service standards (where they exist) for specialist activities.

External Reporting

All 10 agencies were reported to comply with applicable legislative and regulatory reporting requirements and therefore meeting Parliamentary and central agency information needs for Reports on Plans and Priorities, Departmental Performance Reports, Public Accounts, and other statutory and non-statutory reports.

Three agencies specified that their RPP and DPR were aligned with their PRAS and included financial and non-financial information, and two more agencies reported a direct link between their external reporting and internal business planning. One other agency, where such direct link was not clear, nevertheless reported that their senior management was satisfied with the quality of the reports. In only one agency, the DPR was viewed as a paper pushing exercise to satisfy central agency requirements. They are considering enhancing the DPR with additional performance information to make the report more relevant and useful to managers and staff.

A majority (6 of 10) of agencies had received favorable comments on their external reports by central agencies, and in one instance, by a stakeholder group as well on the quality and availability of their external reports. Two agencies were described as making extensive use of the Internet to assist in fulfilling external reporting requirements.

To be successful

Some of the things individual agencies needed to do were:

- Improve the usefulness of DPRs with more relevant performance measurement information.
- Define financial and non-financial information requirements for external reporting purposes and then establish a process for data capture and reporting.
- Streamlining the process (i.e., format, timing, contents) for the production of the annual reports.